

24 July 1963

When this Subcommittee recessed yesterday, I had been discussing the involuntary retirement provisions of the proposed CIA retirement system--in particular the feature of this proposal which would permit the payment of an immediate annuity to an employee in grade GS-14 or above who is involuntarily retired or selected out.

A number of points came up in this discussion and, with your permission, I would like to start today by describing some of the main considerations involved.

First, let me point out that the novel feature of this provision is not the individual's entitlement to an annuity. Both under the Civil Service Retirement Act and the Foreign Service Retirement Act, an employee who has at least five years of service has earned a deferred annuity if he leaves the service before reaching optional retirement age. Under our proposed system, the same entitlement to an annuity is earned.

The question is whether this annuity should commence immediately upon the involuntary retirement of an officer at GS-14 or higher or whether it should be deferred.

We believe that an immediate annuity is warranted for the employee in GS-14 or higher who is retired involuntarily. Officers at this grade level, almost without exception, will be at least middle

aged and at a disadvantage in beginning new careers. Depending on the number of years he has served, such an officer would receive an annuity of two per cent per year of service which would provide at least supplemental income permitting him to take other, perhaps less remunerative employment.

A description of the career management of the group involved within the Agency will serve to demonstrate how unlikely it would be that there would be involuntary retirements at the GS-14 level with less than 10 or 15 years' service except in the most unusual and limited circumstances. This group has remarkable cohesiveness and tenure. It is based on a recruiting program of young, highly qualified people of average age in the middle 30s, who are then placed in a Junior Officer Trainee Program (JOTP). This training consists of both special courses in the difficult and often unique arts of intelligence and related fields and on-the-job training by selected assignments within the Agency. As a rule the people involved at this time are in grades GS-7 - GS-8. They progress into regular assignments in a career service system which depends almost entirely on promotion from within. Lateral recruitment, particularly at the higher grades, is almost unknown as the techniques and experience necessary to fulfill the larger responsibilities are not generally known or practiced outside of the trained and experienced Agency staff people. Highly specialized skills needed on a temporary basis can be and are acquired by contract

or reserve appointment basis which is not involved in this retirement program. Consequently, employees will not reach the grade of GS-14 in less than 12 - 15 years.

Therefore, the five-year period is merely a repetition of the Government-wide principle that eligibility for retirement benefits commences only after five years' service--in practice retirement at that time would not take place except under the most exceptional circumstances.

I would like to emphasize our basic concentration on the JOTP and in this connection would like to tell you a story of an event which took place in the last few days. (Describe the episode of the JOT This young man ~~SECRET~~ has a long way to go before attaining grade GS-14 and by that time his basic academic training as a lawyer will be of little use to him in the event he must then start a new career.

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